

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7413**

**BILL NUMBER:** SB 431

**NOTE PREPARED:** Feb 20, 2007

**BILL AMENDED:** Feb 13, 2007

**SUBJECT:** Confined Feeding Operations.

**FIRST AUTHOR:** Sen. Gard

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** \_\_\_ GENERAL  
                          **X** DEDICATED  
                          FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill defines "applicant" and "responsible party" for purposes of confined feeding control statutes. It specifies that confined feeding control statutes apply to both confined feeding operations (CFOs) and concentrated animal feeding operations (CAFOs). The bill establishes good character disclosure requirements for CFOs and CAFOs. It allows the Department of Environmental Management (IDEM) to review and act on disclosed good character information. It sets fees for CFOs and CAFOs and eliminates separate NPDES permit fees for CAFOs.

*State Chemist:* The bill also requires the State Chemist to adopt rules relating to the use of fertilizer material and the distribution and storage of bulk commercial fertilizers. The bill makes conforming amendments.

**Effective Date:** July 1, 2007; January 1, 2008.

**Summary of Net State Impact:** The bill would increase permit revenue by an estimated \$1.3 M annually. This revenue would be deposited in the Environmental Management Permit Operation Fund. Under existing law, CFO and CAFO fee revenue generates about \$42,000 per year.

**Explanation of State Expenditures:** *Department of Environmental Management (IDEM):* A person and a responsible party must submit to IDEM a disclosure statement and certain additional information. IDEM may investigate and verify the information provided. Based on findings, the commissioner may deny the application. The bill provides that the Solid Waste Management Board may adopt rules to administer the provisions of the bill. It is expected that IDEM will be able to cover any additional expenses associated with this provision given existing resources and increased fee revenue.

*State Chemist:* The bill also requires the State Chemist to adopt rules relating to the use of fertilizer material and the distribution and storage of bulk commercial fertilizers. The State Chemist's Office should be able to cover expenses associated with adopting rules given existing resources.

**Explanation of State Revenues:** (Revised) *Summary:* The bill would increase permit revenue by an estimated \$1.3 M annually. This revenue would be deposited in the Environmental Management Permit Operation Fund. Under existing law, CFO and CAFO fee revenue generates about \$42,000 per year. The individual provisions are described below.

*Permit Fee Details-* The bill establishes fees payable to IDEM for CFOs and CAFOs. This section provides annual fees. Under existing law, there are no annual fees. Revenue generated from the annual fees are as follows.

Revenue Generated by New Annual Fees on CFOs and CAFOs		
Farm Size	Number	New Revenue
Small*	539	\$26,950
Medium	1,065	\$319,500
Large	575	\$517,500
<b>Total Revenue</b>		<b>\$863,950</b>
*Small CFOs pay a \$50 annual fee which is collected at \$250 every five years.		

*Fee Increase for Application for Approval of Construction:* The bill increases from \$100 to \$4,000 the fee for a CFO application for approval of construction. An estimated 120 applications will be received in FY2008. Given this figure, the **fee increase would generate an additional \$468,000** (120 \* \$3,900). The current fee generates about \$12,000 (which is part of the \$42,000 referenced above).

*Permit Renewal Fee:* The bill increases the permit renewal fee from \$0 to \$250 for small CFOs. There are 539 of these facilities that would have to renew every five years. An estimated 108 each year would have to pay \$250 for **an increase of \$27,000 annually**.

*Repeal of CAFO NPDES Fee.* Under existing law, a large CAFO has to have either an individual NPDES permit or a general NPDES permit. The bill repeals IC 13-18-20-11.5, which provides an initial or renewal fee of \$100 for a general CAFO NPDES and a \$250 fee for an individual CAFO NPDES initial or renewal permit. With respect to the \$100 general fee for CAFO NPDES, there are 413 facilities to which the fee applies which generates \$41,300 every five years, or \$8,260 annually. With respect to the individual permits, there are 11 facilities to which the \$250 fee applies which generates \$2,750 every five years, or \$550 annually. **The total reduction in fees would equal \$8,810 annually.**

*Wastewater Treatment Facilities:* The bill increases the fee for a NPDES permit from \$50 to \$75. This provision will apply to about 340 facilities and will **increase revenue by an estimated \$8,500 annually.**

**Net increase in revenue would equal an estimated \$1.3 M.**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** IDEM.

**Local Agencies Affected:**

**Information Sources:** Sandra Flum, IDEM, 317-233-9479; Bruce Palin, Assistant Commissioner for the Office of Land Quality, 233-6591.

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